

News Release



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U.S. Labor Department Sues Dallas Company 401(k) Plan; Trustees To Restore Employee Contributions

DALLAS, Texas – The U.S. Department of Labor has sued the trustees of Dallas-based C/A Communications Inc. for failing to remit and forward employee contributions in a timely manner to the company's 401(k) plan and for retaining the contributions with the general assets of the company.

"This action demonstrates the department's commitment to protect the retirement benefits of America's workers," said Roger Hilburn, acting director of the department's Dallas regional office of the Employee Benefits Security Administration, which investigated the case.

The lawsuit, filed in federal district court in Dallas, alleges that trustees Jerry Brown and Stuart Brown failed to timely remit employee contributions to the plan from May 1998 through December 2001, in violation of the Employee Retirement Income Security Act (ERISA). They also allegedly failed to remit employee contributions to the plan for the Dec. 15, 1998, payroll and from March to December 2001. At the time, Jerry Brown also owned C/A Communications. The defendants also allegedly commingled the employee contributions with the corporation's general assets.

The department is seeking a court order requiring the defendants to restore to the plan all contributions with interest, correct any prohibited transactions, and offset the defendants' plan accounts to repay any plan losses. The suit also asks the court to permanently bar them from serving any plan covered by ERISA and to appoint an independent fiduciary to distribute 401(k) assets to participants and beneficiaries and to terminate the plan.

C/A Communications, Inc. is a supplier of data communications equipment. The plan had 13 plan participants and held \$239,540 in assets as of August 2002.

Employers with similar problems, who are not yet the subject of an investigation by EBSA, may be eligible to participate in the department's Voluntary Fiduciary Correction Program (VFCP). For more information see www.dol.gov/ebsa.

In fiscal year 2004, EBSA achieved record monetary results of \$3.1 billion related to the pension, 401(k), health and other benefits of millions of American workers and their families. Employers and workers can reach the Dallas regional office at (214) 767-6831 or through EBSA's toll-free number, **1-866-444-EBSA (3272)**, for help with problems relating to private-sector retirement and health plans.

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(Chao v. Brown) Civil Action No. 3:04-CV-2519-P

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